Robin Hooper  
Chief Executive  
Eden District Council  
Town Hall  
Penrith CA11 7QF

Dear Robin,

**RE: EDEN DISTRICT COUNCIL CORPORATE PEER CHALLENGE**

On behalf of the team, I would like to say how much we enjoyed spending time in Eden to work with you on the recent corporate peer challenge. The team very much appreciated the welcome we received and the honesty and openness with which people engaged in the process and the support provided in the lead up to, and during the course of, the challenge.

It is testimony to the council’s desire for constructive external insight that Eden commissioned the peer challenge. Peer challenges are managed and delivered by experienced elected member and officer peers. The peers who delivered the peer challenge were:

- Beverly Agass, Chief Executive, South Kesteven District Council (lead peer)
- Councillor Paul Middlebrough, Leader, Wychavon District Council
- Councillor Howard Sykes, Liberal Democrat Group Leader, Oldham MBC
- Karen Adderley, Head of Partnerships & Commissioning, Tamworth Borough Council
- Neil Shaw, Programme Manager, Local Government Association

It is important to stress that this was not an inspection. Peer challenges are improvement-orientated and tailored to meet individual council’s needs. The peers used their experience and knowledge to reflect on the evidence presented to them by people they met, things they saw and material that they read. The guiding questions for all corporate peer challenges are:

- Does the council understand its local context and has it established a clear set of priorities?
- Does the council have a financial plan in place to ensure long term viability and is there evidence that it is being implemented successfully?
- Does the council have effective political and managerial leadership and is it a constructive partnership?
 Are effective governance and decision-making arrangements in place to respond to key challenges and manage change and transformation?

 Are organisational capacity and resources focused in the right areas in order to deliver the agreed priorities?

In addition to these areas, the council wished to explore the following key themes:

 The Future Council: the council is undertaking work in the coming months to explore how it can move to the next stage of its development and wished to have a broad ‘sense check’ of this approach.

 The future role of scrutiny: the council wished to explore how the linkage between Executive and scrutiny can be improved, how scrutiny can add more value to the council’s overall direction and how it can engage the wider membership.

 A leaner council: to explore how layers of decision-making can continue to be reduced and how officers can be empowered to make swifter decisions to shorten the timespan between decisions and their implementation.

Executive Summary

Eden is one of the smallest district councils in the country, with the largest geographical area. For a small organisation, the council has made a number of notable achievements in its four priority areas. It has much on which it can continue to build.

The nature of local government is likely to be different in the future. The council recognises a need to be different and leaders have identified that the council will need to continue to be more enabling, commercial and flexible in the future. Leaders have not yet determined what the future model for Eden District Council will be. Some thinking has taken place on this and the council is at a point where it can take different paths.

One path maintains the current approach with incremental improvements by placing greater emphasis on services undergoing a channel shift, greater income generation and a more commercial approach to managing major external contracted services. There are both benefits and risks in maintaining this current course. It would maintain a strong ‘Eden’ identity but run the longer-term risk of being financially unsustainable if not achieved.

The other path would take a more transformative approach to create a different type of local government. There is scope to consider more extensive joint working as part of this longer-term strategy. Shared service arrangements are currently limited. The council is not convinced that greater sharing of services will generate significant benefits. Greater collaboration should not be seen as the panacea for dealing with reducing grant funding, but could make a notable contribution to the council’s financial position as well as making services more resilient.
This could also look at building the future organisation around a shared council, shared services or shared senior management model. It is for the council and a willing partner(s) to discuss how far down the integration approach it wished to go, but there is much that could be achieved without compromising the sovereignty of Eden District Council. The single biggest strategic leadership challenge for members is to decide which direction it wishes to take in the near future.

The peer challenge examined the council’s scrutiny function. Again, the council has a number of strengths upon which it can build. More would be achieved by the scrutiny function focusing on areas which are strongly linked to the council’s key priorities, are of significant public concern (or service areas significantly underperforming) and on topics which are likely to add value. Some more operational improvements might be achieved by reducing the frequency of scrutiny meetings to free up some member and officer capacity, considering appointing co-opted representatives and making scrutiny meetings more informal with a more open style.

For a small organisation, the council has a good track record of achievement. It must now grapple with what kind of council it wishes to be in the future and make a clear decision.

**Detailed findings**

**Leadership and governance**

1. The council has no overall political control by one party. It has a Conservative/Independent Administration. Elected members as a whole show a considerable passion for the different communities which make up the district and Eden as a whole. The Leader of the Council provides strong, respected and visible political leadership both within the council and with external partner agencies. The council’s key governance structures, including the Executive and arrangements like the Scrutiny Committees, are clear.

2. The leadership of the council has developing a clear set of four priorities providing a future direction expressed in the council’s Corporate Plan. This is based around:
   - Housing
   - Environment
   - Economy
   - A Quality Council

   The priorities are clearly understood by members and staff. Each Executive member has a portfolio plan which includes the Corporate Plan activities and which are used to track overall progress and to hold senior members to account.

3. The single biggest strategic leadership challenge for senior members is to decide on the future strategic direction of local government in the district. There are different options and this is explored later in this report under the theme: ‘Future Council’. The political reality with council elections in May 2015 is that no decision on this issue will be made in the next few months. Members need to use the time
up to the election to consider the options and design a plan to implement a decision after the election.

4. The council is undertaking a review of senior management. The current managerial leadership has considerable experience and is respected. The council’s decision on the future strategic direction of local government should shape the outcome of the decision on a future senior management restructure particularly in relation to future capacity and resilience. There are a range of possible options and these need to be considered in light of the agreed future direction of the organisation.

Financial viability

5. The council has a small resource base, with a revenue budget of £7.1m in 2014/15. It has taken a financially prudent approach for a number of years. This has enabled it to manage the impact of the national public sector budget reductions well to date. For a number of years it has taken action to maintain its financial reserves (currently standing at £5.5m) and delivered savings.

6. The council has achieved its previous financial savings programme, including a revenue saving of £1.8m since 2011/12. This includes significant savings on staffing cost and on the retendering of outsourced contracts (like the waste collection contract in 2012). The council has a plan to boost its income generation by £200,000 per year to help it cope with reducing grant funding from central government. Based on current plans the council has a risk in delivering this scale of increased income over the next 12 months.

7. Increased income is being achieved through a combination of a number of specific projects, including; income from treasury management by investing £2m in a Property Investment Fund, a renewable heating project, the Eden Business Loan Fund and a number of other very small projects which are under development. If the target of an additional £200,000 income is to be achieved by December 2015 the council needs to focus on larger areas of potential savings (such as opening a negotiation on its outsourced services) or bringing forward more significant income generation projects at pace. This should include the council being clearer on the potential financial benefits of proposed new projects versus the capacity needed to deliver them.

8. The financially prudent approach and plans to increase income generation has meant the impact of large scale budget reductions nationally has had less of an impact in Eden. The next set of budget issues, particularly after the 2015 General Election, are likely to be more challenging. In the future, the council have recognised the need to deliver services in different ways more extensively. It is unclear to what extent the council intends to grasp an approach to managing demand for services on its own and working with other public agencies. This could potentially have a significant positive impact on the council’s financial position as services are redesigned. As a result it will need to make more rapid progress on its prevention and channel shift agendas which would help it address its longer-term financial position. The annual review of contracted out services could be used to explore how they could contribute to reducing demand.
9. There is a need to model for different budget scenarios after 2018 to provide a base for long-term financial planning. Whilst there are number of financial uncertainties over the next 5-10 years, modelling different financial scenarios will better prepare the council for what is likely to be a sustained period of public sector funding reductions.

10. Due to the size of the council key corporate capacity is limited and careful consideration needs to be given to improving this particularly in the areas of procurement and commercial skills. Although the council accesses some of this capacity either in partnership with the County Council or by commissioning external consultants, additional capacity and expertise could be achieved by a more collaborative approach with other public sector bodies (either in local government, or the police, health agencies). This will be particularly the case if a more commercial approach to renegotiating existing large contracts and in boosting income generation is to be taken. There are also opportunities to take a more commissioning approach with the council’s current grant funding for local organisations. For some of the larger grants, moving to a more outcome based commissioning approach would support a more commercial approach.

11. The public building assets in the district provide an excellent opportunity to bring organisations, services and systems closer together to generate capital receipts and make services more efficient. Although Cumbria County Council is undertaking a current rationalisation of building assets in the district, there is potential to do much more by planning to rationalise the overall public estate in a more collective approach, through a joined up conversation with the other local authorities in the county and other public sector partners. The council’s ability to rationalise its two Penrith offices onto one site would create opportunities to co-locate other public services into a public sector ‘hub’ and generate a financial saving. These options have been explored but are currently stalling due to the inability of the council to dispose of one of its sites and the lack of a joined up approach by the County Council.

The Future Council

12. The council has a clear set of four priorities and understands what it wants to achieve in the medium term. For a small organisation, the council has made a number of notable achievements in its four priority areas on its own and working with other agencies. The council has much to be proud of. On its housing priority the council is building around 140 new homes per year, has established a local authority mortgage scheme and has supported the establishment of a community land trust. On its environment priority the council is recycling 41% of household waste and household waste collection rates are good.

13. On its economic priority the council has worked well with neighbouring local authorities to establish the M6 Corridor Initiative to upgrade infrastructure around motorway junctions. Penrith town centre has seen a number of new retail developments in the last two to three years. Only 5.8% of the district’s working population are on out of work benefits in 2014 (compared to a national average of 10.9%) and there were 384 new business start-ups in the district in 2013. The peer team also received positive feedback from representatives of the local business
community and a Business Improvement District has been established with a high level of engagement of Penrith small businesses. On the quality council priority the council has achieved a financially prudent approach and attained customer service awards. It also has an extensive approach to neighbourhood planning and there are strong examples of community engagement and the council enabling/supporting projects out in communities.

14. The peer review team received very strong feedback on the helpfulness of staff from across the council. There is a good level of trust and goodwill. Staff accept that the future of local government will be different. All of this is an important building block on which the council can continue to build. The council would however benefit from exploring how the existing Workforce Plan can help staff to develop the skills, knowledge and capacity required to deliver future priorities.

15. Although the council has a clear set of four priorities, the nature of local government is likely to be different in the future. Change is likely to be a continual element in local government for the foreseeable future. The council recognises a need to be different and political and managerial leaders have identified that the council will need to be more:

- Enabling – supporting communities to help themselves and working and more strongly influencing other agencies who work within the district
- Commercial – spotting and exploiting commercial opportunities and have the skill set and speed to benefit from the opportunities
- Outcome focused – being clearer on the outcomes it is trying to achieve for local communities and focusing capacity to deliver in these areas
- Flexible in terms of its workforce and organisational culture – shaping staff skills and behaviours to support the emerging focus of the council

16. Leaders have not yet determined what the future model for Eden District Council will be. Some thinking has taken place on this and what does appear to be clear is that in the foreseeable future there will be a mixed economy of delivery models. The council is at a point where it can take different paths. One maintains the current approach, with incremental improvements. The other will take a more transformative approach for a different type of local government. The council has not been able to articulate exactly what route they will take and what shape local government will look like in the medium to longer term. For a number of years there has been a rumbling debate about the creation of unitary local government in Cumbria. This casts a shadow over the authority’s current thinking about the nature of the ‘future council’ in the district. There is considerable progress the council could make without touching on the unitary issue and it is important for the council to focus on the reality of the current and future challenges.

17. It is clear from the council’s current strategic focus, the design of the delivery of its major services (including outsourced services like waste collection, recycling, street cleansing and grounds maintenance) and its relatively strong financial base, that Eden District Council can continue to function using its current model of delivery for the next few years. It could look to maintain this approach and incrementally improve by looking at greater emphasis on services undergoing a channel shift,
greater income generation and a more commercial approach to how it manages its major external contracted services. There are both benefits and risks in maintaining this current course. It would maintain a strong ‘Eden’ identity but run the longer-term risk of being financially unsustainable.

18. Within this approach, there is scope for the council to consider more extensive joint working as part of its strategy for managing its reducing future budgets and improving resilience. Shared service arrangements are currently limited. The council shares its IT service with neighbouring South Lakeland District Council, along with the management of its Revenues and Benefits service and the Audit service across the county (and some smaller services like internal audit and procurement). The council is not convinced that greater sharing of services will generate significant benefits. Greater collaboration should not be seen as the panacea for dealing with reducing grant funding, but could make a notable contribution to the council’s financial position as well as making services more resilient. There is a real opportunity for the council to work more closely with a ‘coalition of willing councils’ (and other public sector partners like the CCG and police) to share more service delivery and physical assets (like the public buildings in the district). A debate on this has been started amongst the district councils (and to some extent with other agencies) and the council needs to make a clear strategic decision on what it wishes to do and help progress the debate into clear implementation plans.

19. Another part of this current approach is for the council to be more ‘commercial’. It is not currently clear what ‘commercialisation’ means for the council. This needs to be clearly articulated. One key element of this should be the council’s future approach to managing its externalised services. A large proportion of the council’s outsourced services are contracted to Amey in a single contract. This includes; waste collection, street cleansing, grounds maintenance, building maintenance, footway lighting and emergency works. A notable financial saving was achieved when the services were retendered in 2012.

20. Although the council still has eight years remaining on its ten year contract, it should strongly consider opening discussions with Amey to re-negotiate the terms of the contract. The LGA can offer external procurement advice to assist this process if the council wishes. At an annual cost in the region of £1.9m, even a modest saving on this contract will make a significant contribution towards the council’s savings target. In the longer term the council should look to use the break clause in the contract to work with other local authorities and public bodies to look to see how greater financial benefits could arise from jointly procuring these services with other district councils. There may be scope to take a similar approach on the council’s other larger contracts but this would need to be explored in detail.

21. The council has indicated it would like to shape its current organisational culture. The peer team would characterised the current culture as comfortable and friendly but it can also appear somewhat paternal, process orientated and tend to focus on the minutiae. There is much on which the future culture can be built. Trust and cooperation feature strongly. However, it will need to be more business-like, comfortable with change, empowering and flexible. Staff are likely to need support
in this new culture being developed through a sustained organisational development programme.

22. As the council has not yet determined its future delivery model, it should consider an alternative model with a more transformational approach, as part of its thinking. The future could be built around a shared council or shared senior management model. It is for the council and a willing partner to discuss how far down the integration approach it wished to go, but there is much that could be achieved without compromising the sovereignty of Eden District Council. The peer team recognises there is a history of such discussions in the past. The future might be based around a single shared management team with one or more of the other Cumbrian district councils or a combined authority. There are a range of models along this scale of integration. The council is clear it wants to maintain strategic influence whilst optimising options for future delivery drawing on in-house strengths and maximising opportunities of the strengths of future partners. This will be challenging and require a level of mature political discussion considering the options and sustained leadership within Eden and outside, which to date, has not been evident. However, the potential benefits of this could be significant in providing a more sustainable financial footing for public services in this part of the county.

The future role of scrutiny

23. In 2014 the council decided to undertake an internal review of its scrutiny function to examine its effectiveness. At the conclusion of the review the council decided not to make any significant changes to the governance structure for the scrutiny function, but has begun some operational improvements to have clearer work plans for the two committees and engage portfolio holders in providing updates to their respective scrutiny committee.

24. The council can point to some examples of scrutiny activity which it believes have had a positive impact on an issue of significant public interest. The most recent of these was an examination of ambulance response times. It has also examined issues like youth employment, mobility, fuel poverty and promoting Eden as a business destination. These are examples of scrutiny focusing on topics on which it can add value, are of public concern and where it looks at more cross-cutting issues which have an impact for communities (rather than small scale very specific service issues).

25. There is strong support for scrutiny from the Executive and backbench members. The process for engaging portfolio holders in the scrutiny process by using portfolio plans is a good opportunity to focus scrutiny on topics of significant interest to the future strategic direction of the council, if used appropriately.

26. The governance structure of scrutiny does not lie at the heart of the function being able to undertake its role of providing constructive challenge and adding value to the democratic process. Much more could be achieved by the scrutiny function focusing on areas which are:

- Strongly linked to the council’s key priorities
• Issues of significant public concern
• Service areas significantly underperforming or experiencing risk
• Likely to add value

27. The committee’s current work plans do not reflect a strong linkage to the council’s priorities and instead are strongly guided by specific concerns raised directly by the public or members on very specific service issues. Getting the balance right is always challenging, but scrutiny should develop its work plans to more consistently emphasise ‘quality’ rather than ‘quantity’ of scrutiny and be encouraged to look at topics which are more likely to add value to the council’s proposed strategic direction. Longer pieces of work enable scrutiny to make a better contribution and make better use of supporting resources. Examples might include how more can be achieved from the waste collection contract, working with local colleges to explore skills and employment routes for young people or the value of boosting small businesses in Penrith.

28. Although the internal scrutiny review has only recently concluded, the council may wish to consider reducing the frequency of scrutiny meetings. Including the Co-ordinating Board, there are around seventeen meetings each year. A reduction in the overall number of meetings may assist in focusing on better quality scrutiny and free up some member and officer capacity. This would place more energy on ‘scrutinising’ and less on servicing meetings.

29. Many other local authorities have sought to co-opt members of external agencies onto their scrutiny function. This can provide additional depth and experience. It may also help to keep the function focused on areas where it can really make a difference and be more outward focused. Co-opting does not have to be a permanent measure, but co-optees could be invited onto the committees for an annual term.

30. Making scrutiny meetings more informal with a more open style is likely to help meetings have a better flow and debate. For example, more workshop-style and roundtable discussions may be more appealing for members of the public and facilitate better quality debate. There are opportunities for scrutiny to look at issues for local communities which cut across organisational boundaries. There would be value in scrutiny exploring an important topic with the scrutiny function from a neighbouring local authority. This would assist in breaking down barriers but more importantly, exploring an issue of real concern for local communities.

A leaner council

31. The council prides itself on being very ‘lean’ in terms of its staffing and it has achieved much with its relatively small resource base. With a revenue budget of £7.1m and a workforce around 140 FTE the scope to make the council much leaner will be extremely limited. The council has reduced its headcount by 33 posts in recent years and examined its capacity across all service areas.

32. The council wished to explore opportunities to streamline the decision-making process as part of the focus for the peer challenge, with a view to making it leaner.
After examining the issue the peer team concludes that there are no major opportunities to accelerate the decision-making process. Whilst the council may wish to alter the governance structures this is unlikely to deliver any significant improvements and is likely to be more of a diversion. Rather, the approach to delivery can be improved by better prioritisation of projects and major pieces of work.

33. The council has sought to improve its capacity and resilience by sharing its IT function and the management of the Revenues and Benefits service. Although shared services are very limited, these two point to how the council can boost the resilience particularly of some of its smaller services.

34. A corporate projects team has been established to create some additional capacity to manage a series of important projects linked to increasing income within the council. Although the team is still shaping its role, this should create the ability for some dedicated resource to progress projects in a more efficient and quicker way. Whilst the current approach to identifying new projects and initiatives is creative there is a need for more project management discipline including prioritising projects which will be taken forward at an early stage which are likely to make a strong impact on the income target, as the council’s capacity is very limited. The council is also creating additional capacity and extending its ‘reach’ by the use of grant funding. Some grant funding is used for organisations like Action with Communities in Cumbria and demonstrates a good return on investment. For example, for relative modest sums extensive community engagement is undertaken.

35. The council has identified a desire to move more future service delivery online and use IT more effectively to help it work smarter. A number of developments in IT over the last couple of years have moved things more in this direction, but the council has further work to do to be more IT enabled and to also enable its website to support more online service delivery. Progress has been made in creating more flexible working for staff and a number of services and transactions can be undertaken on the council website. However, there are opportunities to use remote technology in areas like planning inspections, environmental health visits and other services which would streamline processes and speed up services for the public. There is a need to now make a clear commitment to the pathway to deliver this channel shift either with partners or independently.

Finally, we would like to thank colleagues at Eden, especially Louise Fawcett for her support during the challenge itself. The council embraced the challenge positively and supported the process well.

Further on-going support is available through the Local Government Association’s regional Programme Manager, Neil Shaw (email: neil.shaw@local.gov.uk, tel: 07876 688987). Neil will liaise with the authority in the coming months to explore specific issues the council may wish to be supported on.
Report contact

Neil Shaw
Programme Manager
Local Government Association
email: neil.shaw@local.gov.uk